Policy on Limiting Regulatory Burden on Business

From Treasury Board of Canada Secretariat

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1. Purpose

This Policy on Limiting Regulatory Burden on Business (the policy) outlines the requirements that federal regulators must meet in order to comply with the Cabinet Directive on Regulation (the directive) as it relates to:

- the one-for-one rule

- the small business lens

2. Effective date

This policy takes effect on September 1, 2018. It replaces guidance on:

- the one-for-one rule (Controlling Administrative Burden That Regulations Impose on Business: Guide for the "One-for-One" Rule)
- the small business lens (Hardwiring Sensitivity to Small Business Impacts of Regulation: Guide for the Small Business Lens)

3. Scope of application

This policy applies to all regulations to which the Cabinet Directive on Regulation applies.

4. Context

Canada's regulatory system is designed to protect and advance the public interest in the following areas:

- health
- safety and security
- the quality of the environment
- the social and economic well-being of Canadians

Regulations are legal instruments designed to help achieve these outcomes. In doing so, they impose two categories of obligations on regulated parties:

1. substantive compliance activities, which directly support the achievement of a regulatory outcome
2. administrative activities, which demonstrate to government that regulated parties have complied with regulatory requirements

Fulfilling compliance and administrative requirements imposes real costs on regulated parties. Such costs, if not carefully controlled, can negatively impact the competitiveness of Canadian businesses and the overall health of the Canadian economy.

To limit the regulatory costs imposed on Canadian businesses, regulators must:

- consider the potential impacts of proposed regulatory initiatives

- design regulations that impose only those requirements that are truly necessary to achieve the regulatory outcome

The directive describes measures to control regulatory burden at the earliest stages of regulatory design. This policy sets out how two specific measures are to be realized:

1. the **one-for-one rule**, established by the Red Tape Reduction Act and the Red Tape Reduction Regulations, controls the growth of administrative burden in regulatory changes
2. the **small business lens** requires that regulators:
    - consider the impact of proposed regulatory requirements on small businesses
    - design alternative compliance and administrative requirements that address the particular needs of small businesses, where possible

5. Definitions

For the purpose of this policy, the following definitions apply:

- **administrative burden**, as defined in the Red Tape Reduction Act, is "anything that is necessary to demonstrate compliance with a regulation, including the collecting, processing, reporting and retaining of information and the completing of forms"
- **administrative burden "in,"** for the purpose of the one-for-one rule, is:
    - a monetized increase in administrative costs associated with a new or amended regulation
    - counted under Element A of the one-for-one rule
- **administrative burden "out,"** for the purpose of the one-for-one rule, is:
    - a monetized decrease in administrative costs associated with a new or amended regulation
    - counted under Element A of the one-for-one rule
- **administrative costs** are the direct, monetized increase or decrease in costs to businesses that result from a regulatory change that increases or decreases administrative burden in relation to a baseline scenario
- a **business**, as defined in the Red Tape Reduction Act:
    - is "a person or entity that engages in commercial activities in Canada, other than for a public purpose"
    - does not include an organization such as the following that engages in activities for a public purpose, for example, social welfare or civic improvement:
        - a provincial or municipal government
        - a First Nations band
        - a self-governing First Nation

        - a school, a college or university
        - a hospital
        - a charity
- **compliance costs** are up-front capital costs and ongoing maintenance and training costs that businesses incur when complying with a regulation
- an **exemption**, for the purpose of the one-for-one rule, is a decision by the Treasury Board to exempt a regulation from the requirement to offset according to the criteria set out in section 6 of the Red Tape Reduction Regulations
- **Governor in Council (GIC) regulations** are regulations made or approved by the GIC, where the GIC is the Governor General acting on the advice of the Queen's Privy Council for Canada (Cabinet) and of Treasury Board ministers, who play the role of the Committee of Council that advises the Governor General on making or approving GIC regulations
- A **new regulation**, for the purpose of the one-for-one rule, is:
    - an entirely new regulatory title that imposes new administrative costs on business
    - not an amendment to an existing regulation
    - not a regulation that amends a schedule to an act of Parliament
- **non-Governor in Council (non-GIC) regulations** are made by a minister of the Crown or made by an agency without the need for approval by the GIC in cases where such authority has been conferred on the minister or an agency by an act of Parliament
- **regulations**, under the Statutory Instruments Act, are:
    - statutory instruments established pursuant to legislative powers conferred under an act of Parliament that may result in the imposition of legal sanctions if they are contravened
    - used by government as an instrument to mandate or enable particular behaviours or outcomes in order to achieve public policy objectives
- a **regulatory change**, for the purpose of the one-for-one rule, can be:
    - a new regulation
    - an amendment to an existing regulation
    - the removal of an existing regulation
- the **Regulatory Cost Calculator** is a tool used to monetize increases or decreases in administrative costs on business, based on the internationally recognized Standard Cost Model (see definition)
- a **Regulatory Impact Analysis Statement (RIAS)** is:
    - an evidence-based, non-technical synthesis of positive and negative expected impacts of a proposed regulation
    - published in the Canada Gazette with the regulatory text

    - prepared by regulators with guidance from the Treasury Board of Canada Secretariat (TBS)
- a **small business**, for the purpose of the small business lens, is:
    - any business, including its affiliates, that has fewer than 100 employees or less than $5 million in annual gross revenues
    - defined based on commonly used definitions for what is considered a "small" business in Canada, including micro businesses, which have fewer than 5 employees or less than $30,000 in annual gross revenues
- the **Standard Cost Model**:
    - is a method to estimate the administrative costs to business that result from information and reporting obligations of a regulation
    - breaks down a regulation into components that can be measured
    - does not focus on the policy objectives of the regulation
- **stakeholders** are individuals or parties who have an interest or concern in federal regulations and related federal government initiatives and can include the following:
    - Canadians
    - Indigenous peoples
    - governments
    - organizations
    - businesses
    - trading partners
- a **title "in,"** for the purpose of the one-for-one rule, is:
    - the introduction of a new regulatory title that increases administrative costs on business
    - counted under Element B of the one-for-one rule
- a **title "out,"** for the purpose of the one-for-one rule, is:
    - the removal of a regulatory title
    - counted under Element B of the one-for-one rule
- **triage** is a process to assess the level of impact of a proposed regulation early in its development to ensure that analytical requirements of the Cabinet Directive on Regulation are applied appropriately

6. Principles

The following three principles are to be considered when creating regulations:

1. **Costs to businesses are limited while achieving public policy outcomes:** when creating regulations, regulators must:
    - consider the costs imposed on businesses

- strive to limit these costs without compromising the regulation's effectiveness in achieving the intended public policy outcome

2. **The regulatory process is modern, open and transparent:**
   - Canadians must have the opportunity to review and comment on the analysis that supports proposed regulations
   - analysis must be based on assumptions that are open to scrutiny by stakeholders
3. **Decisions are based on evidence:** regulators must develop thorough analysis that provides a solid foundation of evidence for decisions on whether to approve:
   - new regulations
   - regulatory changes

7. The one-for-one rule

In this section

- 7.1 General overview
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Subsection 5.2.4 of the directive states that regulators must:

- comply with the one-for-one rule
- identify and estimate the cost of administrative burden impacts of regulatory proposals on Canadian businesses, as set out in:
    - the Red Tape Reduction Act
    - the Red Tape Reduction Regulations
- minimize regulatory burden to the greatest extent possible without compromising:
    - the health, safety and security of Canadians
    - the environment
    - the economy

7.1 General overview

The one-for-one rule controls the growth of administrative burden imposed on Canadian businesses that arises from federal regulations. The rule:

- has its legal basis in:
    - the Red Tape Reduction Act
    - the Red Tape Regulations
- is described in the Cabinet Directive on Regulation

The rule has two elements:

1. When a new or amended regulation increases the cost of administrative burden on business, the government must offset from its existing regulations an equal amount of administrative burden on business (Element A).
2. The government must remove a regulation each time it introduces a new regulation that imposes new administrative burden on business (Element B). Such an offset must occur within 24 months of the regulatory change.

The scope of the rule is limited to:

- changes in administrative burden arising from regulations
- regulatory titles

Administrative requirements based on the following are outside the scope of the rule:

- legislation
- policy
- programs

See Appendix A for a list of types of regulatory changes that are out of scope for the one-for-one rule.

7.2 Policy requirements

7.2.1 Requirement to identify incremental changes to administrative requirements

Regulators must identify any increase or decrease in administrative burden on business for proposed regulations that are subject to the Red Tape Reduction Act. Costs associated with these requirements must be calculated using the methodology outlined in the Red Tape Reduction Regulations.

Triggering of the one-for-one rule is based on the incremental increase or decrease of administrative burden in relation to an existing baseline. In determining this baseline, regulators should:

- consider whether the administrative burden requirements are already being voluntarily implemented
- consider the imposition or removal of burden in practical terms

For example, if a proposed change would regulate an activity that was previously voluntary, the incremental increase would apply only to the number of businesses that are not already carrying out the activity.

The sponsoring department or agency determines the baseline in consultation with TBS:

- For GIC regulatory changes, the regulator makes a preliminary determination at the triage stage as to whether the rule is triggered
- For non-GIC regulatory changes, regulators must engage TBS to discuss the application of the rule

The final decision on triggering of the rule rests solely with the Treasury Board.

An incremental increase or decrease in administrative burden can be introduced in a number of ways:

- where a regulatory amendment or new regulation increases or decreases administrative burden
- where regulatory changes directly incorporate a document by reference, such as a standard, a technical document or legislation of another jurisdiction
- where a regulation amends a schedule to an act of Parliament or a schedule to a regulation
- where federal processes or requirements are replaced with provincial or territorial processes or requirements (and vice versa)

See Appendix B for a list of types of administrative activities.

7.2.2 Requirement to validate estimates of administrative burden

Factors such as the hourly cost of labour and the time required to complete a regulated activity are fundamental in calculating administrative costs. Regulators should ensure that assumptions used to estimate increased or decreased administrative requirements are informed by input from impacted stakeholders. Feedback on these and other assumptions:

- can be obtained through formal or informal consultation
- should take place before developing cost estimates that accompany the proposed regulation

7.2.3 Requirement to calculate administrative costs

Regulators must use the methodology outlined in the Red Tape Reduction Regulations to calculate the cost of incremental administrative requirements under the rule. The methodology:

- is based on the Standard Cost Model
- requires that the regulator determine how many businesses would be affected by the regulatory change, using a set of assumptions of how these businesses would be affected

Regulators must use the Regulatory Cost Calculator, or another calculator approved by TBS, for each proposed regulation that contains burden in or out, and submit the completed calculator to TBS.

If a proposed change would regulate an activity that was previously voluntary, the incremental increase would apply only to the number of businesses that are not already carrying out the activity. The calculation of administrative costs is not required for regulations that are no longer in force.

If a regulatory change provides more than one option for compliance or reporting for a single regulatory requirement:

- the rule applies only to the option that imposes the lowest administrative costs
- alternative options are not included in the costing

This approach:

- encourages regulators to provide flexibility
- recognizes that regulated parties might choose more favourable compliance options that impose higher administrative costs

In situations where not all of the regulated industry would be impacted by a regulatory change, regulators must:

- include their assumptions in the associated RIAS
- provide the calculations to TBS

7.2.4 Requirement to valuate administrative costs

To remove the effect of inflation, cost figures must be adjusted to constant dollars to permit meaningful and consistent comparison, regardless of the year in which outcomes were originally measured. Such adjustment ensures that costs are:

- equal in their exchange value (inflation adjustment)
- calculated when they occur (discounting)

The Red Tape Reduction Regulations set out how to adjust the administrative costs included in proposed regulations. The figures that appear in the RIAS must be identical to those generated by the Regulatory Cost Calculator. The only rounding of figures permitted is to the dollar.

The Red Tape Reduction Regulations require that 2012 be used as the price base year for the valuation of burden in and burden out. This price base year applies to present value and annualized value. A discount rate of 7% must be used for the valuation of burden in and burden out. Wages can be adjusted to 2012 price levels by multiplying the estimated hourly cost by the ratio of the Consumer Price Index value for 2012 to the Consumer Price Index value for the closest available year to the time for which the cost was estimated using data available in Statistics Canada's Table: 18-10-0005-01.

Regulators must use a 10-year forecast period for the valuation of burden in and burden out. This 10-year forecast should begin in the year the burden in will come into force or, in the case of a burden out, when it will be removed.

7.2.5 Requirement to offset new administrative costs on business imposed by a regulatory change (Element A)

Regulatory changes that impose new administrative costs on business must be offset with an equivalent reduction in administrative costs from the stock of regulations within 24 months (730 days). This period begins from the date of registration of the regulatory change, and burden out can be banked at any time to offset burden in.

The rule applies only to regulatory changes as defined by:

- the Red Tape Reduction Act
- the Red Tape Reduction Regulations
- this policy

Regulators cannot count burden out that arises from reductions to administrative costs that

are based on non-regulatory sources such as legislation, policies or programs.

7.2.6 Requirement to remove a regulation when a new regulatory title imposes administrative costs on business (Element B)

When an entirely new regulatory title imposes new administrative costs on business, regulators must remove an existing regulatory title within 24 months (730 days). This period begins from the date of registration of the regulatory change, and titles out can be banked at any time to offset titles in. Element B is not triggered by regulatory amendments.

Regulations that repeal and replace an existing regulation result in a net of zero under Element B, regardless of whether the new regulation imposes new administrative costs on business. In this situation, regulators are still required to offset any incremental change in administrative costs introduced by the replaced regulatory title under Element A.

Where a repeal and replace includes multiple repeals, the first repeal is considered to be a net of zero, as described above:

- each additional repeal is counted as a title out under Element B
- any administrative costs associated with additional removed regulations are counted as burden out under Element A

7.2.7 Requirement to offset within a portfolio

For Elements A and B of the rule, reconciliation is to be done by portfolio. Ministers can draw burden and titles out from across their portfolio.

The minister sponsoring the proposed regulation is assigned 100% of the administrative costs under the rule; administrative costs cannot be split between two or more ministers. When two ministers have shared responsibility under the law and jointly sponsor the regulatory change, the burden or title in or out is assigned to the lead minister responsible for the regulatory change.

If the regulation is administered by more than one department or agency, the minister sponsoring the regulatory change is assigned the burden or title in or out. If two or more ministers share responsibilities within a portfolio (such as the Minister of Families, Children and Social Development and the Minister of Employment, Workforce Development and Labour), the lead portfolio minister is responsible for implementing the rule.

A change in the machinery of government could have an impact on a portfolio's balances under Elements A or B. The President of the Treasury Board will determine how to manage burden or titles in and out associated with such a change.

TBS monitors and tracks offsets by portfolio to ensure compliance with the Red Tape

Reduction Act and the effective implementation of:

- the one-for-one rule
- this policy

7.2.8 Non-compliance with the requirement to offset

TBS monitors the obligation to offset regulations and notifies regulators who are approaching the 24-month limit of the one-for-one rule. Regulators:

- are expected to identify any planned regulatory changes that would fulfill the obligation to offset under Elements A and B
- may need to conduct a review of their existing stock of regulations to identify regulatory requirements or titles for removal

The President of the Treasury Board may:

- establish processes to address situations of non-compliance with Elements A and B of the one-for-one rule
- report publicly on such situations, as appropriate

7.2.9 Exemption from the requirement to offset

As detailed in section 6 of the Red Tape Reduction Regulations, the Treasury Board may exempt a regulation from the requirement to offset burden in and titles in, as set out in section 5 of the Red Tape Reduction Act.

Exemptions apply only to regulations that would introduce new administrative costs on businesses. If the proposed regulation is not expected to introduce administrative costs, there is no reason to seek an exemption.

When an exemption is being sought, the proposed regulation should be costed in accordance with:

- the Red Tape Reduction Act
- the Red Tape Reduction Regulations
- this policy

There may be exceptional situations where estimating the administrative costs may be difficult or cannot be done in consultation with impacted stakeholders, such as when imposing international sanctions. In these cases, regulators must make every effort to:

- include costing information
- explain the limitations of the estimate provided

The Red Tape Reduction Act states that the Treasury Board has the sole authority to grant exemptions and is supported by TBS in these decisions:

- For GIC regulatory changes, the request for exemption is included with the proposed regulation for the Treasury Board's consideration
- For non-GIC regulatory changes, the regulator must consult with TBS and provide the necessary information to the Treasury Board in support of the request for exemption

7.2.9.1 Tax or tax administration

Subsection 6(a) of the Red Tape Reduction Regulations allows for a regulation to be exempted if it is related to tax or tax administration.

7.2.9.2 Non-discretionary obligations

Subsection 6(b) of the Red Tape Reduction Regulations allows for a regulation to be exempted when the federal government has no discretion regarding the requirements that must be included in the regulation because of international or legal obligations, including:

- the imposition of international sanctions
- the implementation of Supreme Court of Canada decisions

This exemption applies to regulations that implement obligations for which there is no discretion over how the regulations can be designed and administered. Instances where the regulator has control over the design and administration of the regulation are not considered to be non-discretionary.

7.2.9.3 Emergency, unique or exceptional circumstances

Subsection 6(c) of the Red Tape Reduction Regulations allows for a regulation to be exempted in emergency, unique or exceptional circumstances, including where compliance with section 5 of the Red Tape Reduction Act would compromise:

- public health
- public safety
- the Canadian economy

Such an exemption would apply to:

- situations that require an immediate or expedited regulatory response from the Government of Canada
- where compliance with the requirements of the rule could adversely affect the health and safety of Canadians or the economy

7.2.10 Requirements in Regulatory Impact Analysis Statements

In all GIC and ministerial proposed regulations, the RIAS must include the following information in its "one-for-one" section:

- an indication of whether the regulatory change:
  - introduces new administrative costs on business, thus triggering Element A of the rule
  - decreases administrative costs
- an indication of whether the regulatory change:
  - is a new regulatory title that introduces new administrative costs on business, thus triggering Element B of the rule
  - repeals one or more existing regulatory titles

If either or both elements of the rule are triggered, the "one-for-one" section of the RIAS must include the following information:

- a summary of the calculated administrative costs of burden in or out, and the assumptions associated with the monetization as set out in subsections 7.2.1, 7.2.3 and 7.2.4 of this policy (the completed calculator must also be provided to TBS, and the figures must match those cited in the RIAS)
- a summary of consultations as set out in subsection 7.2.2 of this policy, including the feedback of stakeholders and Canadians on the regulator's estimates of administrative costs or savings to business, and underlying assumptions
- if an exemption is being sought:
  - an indication of the category of exemption that applies
  - a supporting rationale based on the criteria set out in subsection 7.2.9 of this policy

7.2.11 Requirement to report annually

As required by the Red Tape Reduction Act and Red Tape Reduction Regulations, the President of the Treasury Board publishes a report before the end of each calendar year on the implementation of the one-for-one rule. This report includes:

- a summary of the increases and decreases in administrative costs resulting from regulatory changes for the previous fiscal year
- the number of regulations that are amended or repealed as a result of regulatory changes within that 12-month period

In addition to the reporting requirement set out in the act and in the regulations, the President may also include in this report other aspects related to the implementation of the rule, such as non-compliance with the requirement to offset.

The President of the Treasury Board:

- tables this report as part of the President's annual report to Parliament
- publishes the report on the TBS website

8. The small business lens

In this section

- 8.1 Overview
- 8.2 Policy requirements
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  - 8.2.2 Requirement to analyze impacts on small business
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  - 8.2.4 Requirement to account for small business's needs in regulatory design
  - 8.2.5 Requirement to consider flexibility for small business
  - 8.2.6 Requirement to calculate administrative and compliance costs
  - 8.2.7 Requirements for Regulatory Impact Analysis Statements

Subsection 5.2.4 of the directive states that regulators must "consider the impact of proposed regulations, specifically on small businesses to ensure that small businesses do not unnecessarily bear a disproportionate burden when complying with regulations."

8.1 Overview

The small business lens requires federal regulators to identify and take into account the needs of small businesses when designing regulations. The lens:

- applies to all new regulations or regulatory amendments
- considers the direct compliance and administrative costs imposed on small businesses

In considering administrative and compliance costs on small businesses, regulators are encouraged to provide alternative compliance and/or administrative options for small business, where appropriate. If no alternative is provided, the regulator must provide an explanation in the RIAS as to why such options were not appropriate.

8.2 Policy requirements

8.2.1 Requirement to determine whether a proposed regulation has impacts on small business

Regulators must determine whether the proposed regulation would impact small businesses in Canada. If small businesses will be impacted:

- the small business lens is triggered
- further analysis must be undertaken

Regulators are encouraged to use the small business lens checklist (see Appendix C) to assist with this determination.

8.2.2 Requirement to analyze impacts on small business

Regulators must analyze and describe the impacts of the proposed regulation on small businesses. The type of analysis required is:

- determined at the triage stage of the regulatory process
- aligned with the requirements for cost-benefit analysis

In general, the greater the estimated cost of the proposed regulation, the more comprehensive the analysis must be:

- For proposed **regulations that have no anticipated costs**, regulators must describe the benefits and state that the regulation has no associated costs.
- **Low-cost-impact regulatory proposals** have total national costs of less than $1 million annually. This category requires that costs and benefits be:
  - described in qualitative terms
  - quantified and monetized, if data are available
- **Significant-cost-impact regulatory proposals** have total national costs of $1 million or more annually. This category generally requires that both benefits and costs be quantified and monetized. When costs and benefits cannot be monetized, a rigorous qualitative analysis of these impacts is required.

8.2.3 Requirement to validate estimates of administrative and compliance burden

Factors such as the hourly cost of labour and the time required to complete a regulated activity are fundamental in calculating administrative and compliance costs. Regulators should ensure that assumptions used to estimate increased or decreased administrative and compliance requirements are informed by input from impacted stakeholders. Feedback on these and other assumptions:

- can be obtained through formal or informal consultation
- should take place before developing cost estimates that accompany the proposed regulation

8.2.4 Requirement to account for small business's needs in regulatory design

If impacts on small business are identified, the regulator must endeavour to design the regulation to minimize adverse economic impacts on small business, except in situations where the regulator has no discretion with regard to the regulatory design. The RIAS should:

- include a high-level overview of how the proposed regulation addresses small business needs
- present the estimated administrative and compliance costs separately

8.2.5 Requirement to consider flexibility for small business

Regulators are encouraged to design alternative compliance and/or administrative options that small businesses could use instead of the main compliance approach set out in the proposed regulation, where doing so is permitted by the enabling act. Options can be identified in a number of ways, including considering alternative:

- implementation approaches
- compliance requirements
- reporting frequency

It is recognized that additional flexibility for small business is not always possible. In such situations, the RIAS must:

- indicate that flexibility is not possible
- clearly indicate why flexibility is not possible

8.2.6 Requirement to calculate administrative and compliance costs

Administrative and compliance costs on small business must be calculated and stated in the RIAS. Regulators must use the Regulatory Cost Calculator, or another calculator approved by TBS, to monetize the compliance and administrative costs associated with the proposed regulation. The completed calculator must be provided to TBS.

8.2.7 Requirements for Regulatory Impact Analysis Statements

An analysis of how the small business lens has been applied must appear as a section in the RIAS. Small business impacts identified in other sections of the RIAS should indicate that detailed information can be found in the RIAS's "small business lens section."

The small business lens section must include:

- a characterization of the anticipated impacts on small business
- analysis of the compliance and administrative requirements imposed, as well as associated impacts stated in terms that are consistent with the analytical requirements for the assigned triage level, as set out in subsection 8.2.2 of this policy
- details of stakeholder consultations as set out in subsection 8.2.3 of this policy, including changes made as a result of the feedback received from stakeholders
- alternative compliance and/or administrative options, as appropriate and as set out in subsection 8.2.5 of this policy

9. Accountability, roles and responsibilities

In this section

- 9.1 Treasury Board
- 9.2 Sponsoring ministers
- 9.3 Treasury Board of Canada Secretariat
- 9.4 Federal regulators

9.1 Treasury Board

The Treasury Board is responsible for overseeing the implementation of the one-for-one rule and the small business lens. Its oversight includes:

- ensuring implementation of the rule and the lens across government
- concurring with regulators on the application of the rule and lens to regulatory changes

- applying exemptions to the one-for-one rule
- verifying proper application of the initiatives to non-GIC regulatory changes
- addressing situations of non-compliance

9.2 Sponsoring ministers

Sponsoring ministers are responsible for complying with the requirements of:

- the Red Tape Reduction Act
- the Red Tape Reduction Regulations
- the Cabinet Directive on Regulation
- this policy

They are also responsible for ensuring that the offset of burden in and titles in, under the one-for-one rule, is within the required time frame.

9.3 Treasury Board of Canada Secretariat

The Regulatory Affairs Sector of TBS supports Treasury Board by working with regulators to ensure that the rule and the lens are applied effectively and efficiently.

TBS is also responsible for:

- monitoring and tracking regulatory burden and titles in and out across government
- supporting the Treasury Board's decision-making role in ensuring compliance with government-wide reconciliation of burden and titles
- updating and maintaining this policy and any supporting guidance

9.4 Federal regulators

Federal regulators are responsible for:

- applying the requirements and timelines set out in this policy for all GIC and non-GIC regulatory changes that impose new regulatory burden on business
- supporting their ministers in meeting their compliance obligations

10. Additional resources for regulators

- Cabinet Directive on Regulation
- Policy on Cost-Benefit Analysis
- Policy on Regulatory Development

- Policy on Regulatory Transparency and Accountability

11. Enquiries

Enquiries and feedback on this policy can be made by contacting TBS.

12. Date of last revision of this policy

This policy was last reviewed on September 1, 2018.

Appendix A: types of regulatory changes that are out of scope of the one-for-one rule

The one-for-one rule does not apply to regulatory changes that do not impose new administrative burden on business. Examples of such regulatory changes include the following:

- regulations related to internal government activities or other activities that do not directly impose new administrative costs on business, examples being:
    - the Public Service Employment Regulations
    - the Public Service Superannuation Regulations
    - adding a department to a schedule to the Financial Administration Act or to the Privacy Act
- amending schedules to an act of Parliament or a regulation that have no administrative costs on business:
    - in some cases, such amendments enable the government to take action at a future date, if required
    - if the future action involves a regulatory change, it will be captured by the one-for-one rule if it imposes new administrative costs on business
- regulatory changes that impose administrative burden on other government entities that do not have a competitive or for-profit motive
- changes requested by the Standing Joint Committee for the Scrutiny of Regulations that:
    - correct inconsistencies between English and French versions of the regulations
    - have no administrative cost impacts on business
- Miscellaneous Amendments Regulations, which are used to correct errors, omissions and inconsistencies in regulations

- regulations that amend fines and penalties, such as amending the Contraventions Regulations or implementing an Administrative Monetary Penalties regime
- changes to service fees
- changes to the dates of a hunting season that:
  - occur on recurring basis
  - do not impose administrative costs on business
  - changes that extend the date of coming into force of the regulation

Appendix B: types of administrative activities

In this section

- B.1 Providing and maintaining information
  - B.1.1 Providing information
  - B.1.2 Maintaining information
- B.2 Seeking authorizations
- B.3 Notifying of activities
- B.4 Becoming familiar with new information obligations that result from regulatory changes
- B.5 Holding meetings
- B.6 Assisting in the enforcement of regulations and in audits and inspections

B.1 Providing and maintaining information

B.1.1 Providing information

Fulfilling an obligation to provide information involves submitting information to:

- the federal government
- a third party acting on behalf of the federal government

Examples are:

- filling out and submitting forms
- compiling data and other information
- submitting reports
- keeping records up to date and on file (such as maintaining employee training records)
- retaining grain or water samples

- retrieving historical fleet fuel data
- distributing and copying information

B.1.2 Maintaining information

Businesses calculate, assess and check information in their obligation to:

- report on information
- demonstrate compliance with a regulation

Examples are:

- calculating and verifying the use of fuel by fleets
- reporting on that information

B.2 Seeking authorizations

Seeking an authorization involves completing an application to:

- seek permission to undertake an activity
- seek permission to be exempt from an activity

In general, seeking an authorization does not include pre-market approval processes because the costs associated with these processes are generally considered to be compliance costs. Examples of pre-market approval processes are those for:

- pharmaceuticals
- medical devices
- pesticides
- telecommunication devices

B.3 Notifying of activities

Businesses are obligated to notify the federal government of certain activities they undertake. An example is notifying the federal government in a written statement that an annual report has been completed.

B.4 Becoming familiar with new information obligations that result from regulatory changes

Business spend resources to familiarize themselves with new information obligations because of a regulatory change. This applies only to regulatory changes that deviate significantly from current practice.

B.5 Holding meetings

Businesses hold meetings:

- internally with groups of personnel that are involved in fulfilling an information obligation
- externally in cases where fulfilling an information obligation requires meetings with an auditor, lawyer or the like

B.6 Assisting in the enforcement of regulations and in audits and inspections

Businesses inform and assist federal government inspectors, or an entity authorized to perform enforcement activities on behalf of the federal government, who:

- carry out inspections of a business and audit aspects of its work
- visit a business in connection with enforcement of a regulation

An example is a business retrieving documents in order to comply with an inspection. Costs that result from non-compliance with an obligation are out of scope.

Appendix C: small business lens checklist

1. Are there any small business impacts associated with the proposed regulation? (see subsection 8.2.1 of this policy)
    - if yes, the small business lens must be applied
    - if no, the small business lens does not need to be applied
2. Are the anticipated impacts presented clearly and in terms consistent with the analytical requirements for the assigned triage level? (see subsection 8.2.2 of this policy)
3. Has a summary been made on any feedback provided by small businesses, or their representatives, on estimates or assumptions? (see subsection 8.2.3 of this policy)
4. Has the proposed regulation clearly described how small business needs have been considered in the design of the regulatory change? (see subsection 8.2.4 of this policy)
5. Have processes and/or tools been designed to reduce the information that a small business must provide by accessing information that has already been provided to another department or jurisdiction? (see subsection 8.2.4 of this policy)
6. Have the needs of small businesses in remote areas been considered, particularly those without access to high-speed (broadband) Internet? (see subsection 8.2.4 of this policy)

7. Are activities to promote communication and compliance being planned to inform small businesses of the proposed changes? (see subsection 8.2.4 of this policy)
8. Have alternative compliance or administrative processes been considered to provide further flexibility for small businesses? (see subsection 8.2.5 of this policy)
    - if yes, have any risks associated with flexible alternatives for small business been identified and described?
    - if no, is a reasonable justification provided in the RIAS?
9. Has the Regulatory Cost Calculator, or another calculator approved by TBS, been used to quantify and monetize administrative and compliance costs? Has the completed calculator been provided to TBS? (see subsection 8.2.6 of this policy)

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ISBN: 978-0-660-27771-4

Date modified:

2018-09-10